

HOUSE BILL 3746  
By Fitzhugh

AN ACT to amend Tennessee Code Annotated, Title 45,  
relative to extension of consumer credit to a  
servicemember or a servicemember's dependent.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 45, is amended by adding Sections 2 through 7 of this act as a new part.

SECTION 2. For purposes of this part, the term:

(1) "Consumer credit" means any transaction which is required to comply with the Consumer Credit Protection Act, Public Law 90-321; 82 Stat. 146 et seq., commonly referred to as the federal "Truth in Lending Act".

(2) "Interest" includes service charges, renewal charges, fees, or any other charges (except bona fide insurance) with respect to the extension of consumer credit.

(3) "Servicemember" means a person who performs duty on a voluntary or involuntary basis in a uniformed service under competent authority and includes active duty, active duty for training, initial active duty for training, inactive duty training, or full-time National Guard duty.

(4) "Uniformed service" means the Armed Forces, the Army National Guard and the Air National Guard when engaged in active duty for training, inactive duty training, or full-time National Guard duty, the commissioned corps of the Public Health Service, and any other category of persons designated by the President in time of war or national emergency.

SECTION 3. Notwithstanding any provision of this title to the contrary, a creditor who extends consumer credit to a servicemember or a servicemember's dependent shall not:

(1) Require the servicemember or the servicemember's dependent to pay interest with respect to the extension of such credit, except as agreed to under the terms of the credit agreement or promissory note; and

(2) Impose an annual percentage rate greater than thirty-six percent (36%) with respect to the consumer credit extended to a servicemember or a servicemember's dependent.

#### SECTION 4.

(a) With respect to any extension of consumer credit to a servicemember or a servicemember's dependent, a creditor shall provide to the servicemember or the servicemember's dependent the following information in writing at or before the issuance of the consumer credit:

(1) A statement of the annual percentage rate applicable to the extension of credit;

(2) Any disclosure required under the Truth in Lending Act (15 U.S.C. 1601 et seq.); and

(3) A clear description of the payment obligations of the servicemember or the servicemember's dependent, as applicable.

(b) Such disclosure shall be presented in accordance with terms prescribed by the regulations issued by the Board of Governors of the Federal Reserve System to implement the Truth in Lending Act (15 U.S.C. 1601 et seq.).

SECTION 5. A creditor described in Section 3 shall not automatically renew, repay, refinance, or consolidate with the proceeds of other credit extended by the same creditor any consumer credit extended to a servicemember or a servicemember's dependent without:

(1) Executing new loan documentation signed by the servicemember or the servicemember's dependent, as applicable; and

(2) Providing the loan disclosures described in Section 4 to the servicemember or the servicemember's dependent.

SECTION 6. Any creditor who knowingly violates this part commits a Class A misdemeanor.

SECTION 7. The remedies and rights provided under this part are in addition to and do not preclude any remedy otherwise available under law to the person claiming relief under this part, including any award for consequential and punitive damages.

SECTION 8. This act shall take effect July 1, 2006, the public welfare requiring it.